

C. DUKES SCOTT
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900
Columbia, SC 29201



DAN FARNETT
CHIEF OF STAFF

Phone: (803) 737-0800
Fax: (803) 737-0801

jnelson@regstaff.sc.gov

Jeffrey M. Nelson
Counsel for ORS

September 1, 2009

VIA ELECTRONIC FILING

Mr. Charles L. A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, SC 29211

RE: Application of Aqua South Carolina for Approval of a New Schedule of Rates and Charges for Sewerage Services Provided to Customers in Spartanburg County
Commission Docket No. 2009-12-S; Order No. 2009-454

Dear Mr. Terreni,

In Order No. 2009-454 (dated July 7, 2009), issued in Docket No. 2009-12-S, the South Carolina Public Service Commission ("Commission") requested that the South Carolina Office of Regulatory Staff ("ORS") investigate and report to the Commission regarding certain maintenance issues on Aqua South Carolina's ("Aqua" or "the company") system in the Brookside Village Subdivision. These issues were brought to the Commission's attention through the testimony of public witnesses presented at the public hearing in this case held in Spartanburg County on June 25, 2009. The Order further requested that ORS investigate whether it would be feasible and advisable for Aqua to transition from a flat rate billing scheme to a usage based sewerage charge.

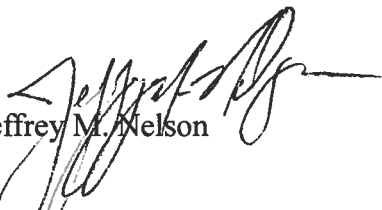
In response to the requests presented in Order No. 2009-454, the ORS Water and Wastewater Department requested Aqua provide a response to the witness issues testified at the hearing. A summarization of Aqua's response and ORS's position on the issues presented by the public witnesses are provided in the attachment to this letter. All sewage overflow issues emanating from private property have been referred to the South Carolina Department of Health and Environmental Control (DHEC) for appropriate action.

The rate schedule approved in Commission Order No. 2009-454 was submitted by Aqua and assessed by ORS based on a flat rate billing scheme. Aqua has committed to explore the possibility of moving from its current flat rate prior to filing its next rate case. A concern which ORS has with the Company moving to a usage based rate is that Aqua has limited control over the metering of water usage, which is the most common method for calculating usage based sewer charges, since water is provided to the customers by an unregulated utility. There is no reasonably affordable and

reliable method for measuring sewage flow from a residential dwelling. If an agreement could be reached between Aqua and the unregulated utility to provide Aqua with water meter readings for the purpose of billing customers for sewerage use, additional costs could be incurred by Aqua for the unregulated entity to handle the billing process. This added cost would ultimately be passed on to Aqua's customers. At this time and under the current service structure, ORS does not recommend migration to a usage based sewer rate.

If you have any additional concerns regarding this report, please contact me at your convenience.

Very truly yours,



Jeffrey M. Nelson

Attachment

cc: Scott Elliott, Esquire

ATTACHMENT
DOCKET NO. 2009-12-S
ORDER NO. 454

Protestant 1:	Kerry Ballenger	109 Millbank Road	Wellford, South Carolina 29385
Complaint Summary:	“no ditches, no drainage, no water runoff”, has seen sewage “run over” road because there’s no ditch		
Response:	The utility does not have responsibility for the area’s stormwater drainage system. Typically, ditches are meant to convey stormwater, not sewage. As noted by Aqua, releases from the manholes have been rare and last occurred in January 2009. The utility states that this release was caused by a buildup of grease in the lines.		
	Several witnesses made reference to the release of raw sewage from a severed and exposed sewer pipe into a cut trench on the property of the resident at 333 Millbank Dr., Wellford, South Carolina. The utility believes that the complaint of sewage flowing over the road was the result of sewage flowing out of the breached and exposed line into the cut trench and then overflowing to the road. This breached sewer line is considered the “customer service line” as defined in the Commission’s regulations and is not the responsibility of the regulated utility.		

Protestant 2:	Laketa Case	117 Wellington Road	Wellford, South Carolina 29385
Complaint Summary:	Prefers the utility to meter service rather than flat rate; states hole left in road after repairs; county paved over manholes to stop sewer overflow		
Response:	The recently approved rate schedule for Aqua was submitted and assessed based on a flat rate billing scheme. However, Aqua has committed to explore the possibility of moving from its current flat rate prior to filing its next rate case and to work with the ORS on this issue.		
	According to Aqua South Carolina, the hole in the road was associated with a new customer connection or tap. The hole was subsequently repaired.		
	Reference to the county paving over manholes is determined to have occurred approximately eight (8) years ago. The county repaved the road and in the process paved over the manholes. This was not done to stop any sewer overflow. Drain Doctor, Aqua's plumbing contractor, subsequently identified and uncovered the manholes located in the streets that had been covered. In addition, Aqua South Carolina had the manhole covers raised slightly to provide access.		

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Protestant 3:	Larry D. Gosnell	18 Oakridge Court	Wellford, South Carolina 29385
Complaint Summary:	Company trying to make repairs couldn't find manholes/covers; sewage leak where pipe was stopped up; witnessed manhole covers blown off road and water run down the street; plat needs to be provided to service techs; states no one has repaired the road; water gushing from manholes; a mobile home close to him condemned because the tenant's sewer was stopped up in the manhole; says techs drive up and down Millbank Rd. searching for manholes to fix backups in sewer system; indicates sewage backup was located at 333 Millbank Road.		
Response:	The reference by Mr. Gosnell of a company trying to find manholes is Drain Doctor, the Aqua's plumbing contractor. Due to paving work by the county, Drain Doctor has had to locate and uncover several manholes located in the streets. Once uncovered, the covers were raised to allow proper functioning and to provide access to the manholes.		
	As stated above and according to Aqua, the sewerage leak and clogged pipe is a private sewer line and is defined as a "customer service line." The breach in the line has caused raw sewage to discharge onto the ground. Aqua is not responsible for this portion of the sewer line.		
	The last sewage leak from a manhole that Aqua is aware of was in January 2009. According to Aqua, when instances of blockages do occur, they are caused by grease clogging the system. Raw sewage from breached private sewer line on private property sometimes flows off the property and onto the street, which may be what this customer is referencing.		
	Aqua does not retain any information regarding a condemned property.		

Protestant 4:	Etta Littlejohn	331 Millbank Road	Wellford, South Carolina 29385
Complaint Summary:	Sewage line backed up discharging raw sewage into her home; has seen sewage from various residences/locations running down street; sewage running out of home next door (333 Millbank Road) because line is unhooked.		
Response:	These issues relate to the privately owned, aging 3-inch ABS thin wall pipes that have been constructed on private property. These lines, not Aqua's lines, are causing the clogging and backups referred to. In one location (333 Millbank Rd.) the line has been uncovered and breached, allowing raw sewage to flow onto the ground and into the road. Aqua does not have the authority to repair or responsibility for repair of these lines.		

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Protestant 5:	Linda B. Greer	118 Cannon Circle	Wellford, South Carolina 29385
Complaint Summary:	Sewage overflow from manhole located in her backyard; technician from Drain Doctor stated to her that pipes are too small and should be cleaned every 6 months; states overflow would remain for 'days'; road isn't being cleared to allow access; told by supervisor at Drain Doctor that Aqua didn't have financial resources to keep drains clean.		
Response:	This relates to the privately owned, aging 3-inch ABS thin wall pipes that can be found in the Brookside Village subdivision and the problems associated with them. These are the pipes Drain Doctor was referring to as too small and in need of cleaning every 6 months. Aqua's sewer lines consist of 8-inch and 10-inch lines and are properly sized to adequately handle the Brookside Village subdivision flows.		

Protestant 6:	Kristina Few	21 Ford Drive	Wellford, South Carolina 29385
Complaint Summary:	Has paid to have her pipes cleaned out two times because of sewer backup; both Drain Doctor and Roto Rooter have cleaned lines; pipes have been replaced in her front yard at her expense; thinks pipes are too small causing the frequent backups; disputes increase in sewer rate; thinks company should clean out the pipes.		
Response:	Privately owned, aging 3-inch ABS thin wall pipes on private property is causing this problem. These small pipes (3-inch instead of recommended 4-inch) are prone to clogging which then causes a backup of sewage in the home. Aqua's sewer lines are not causing these backups. Aqua's sewer lines consist of 8-inch and 10-inch lines and are adequate for the Brookside Village subdivision. Aqua has no authority to repair or responsibility for repair of these lines.		